[24th February 1930

APPENDIX XVII.

(Vide item VI, Papers laid on the table of the House, at page 140 supra.)

G.O. No. 7, Development, dated 3rd January 1930.

READ—the following papers :—

I

Letter from C. F. GEORGE, Esq., F.S.A.A., Assistant Director of Commercial Audit, to the Secretary to Government, Development Department, dated Madras, the 29th July 1929, No. 558, C.A.M. 29.

I have the honour to submit herewith the audit report and accounts of the Russellkonda Saw Mills for the nine months ending 31st March 1929.

2. A copy of the report and accounts has been submitted to the Chief Conservator of Forests, Madras, with the request that he should forward his remarks thereon to you direct.

3. Copies of this report and accounts have also been submitted to the Finance Department; Accountant-General, Madras; the Director of Commercial Audit, NewDelhi; Chief Forest Engineer, Madras; Messrs. Parry & Co., Limited, Madras; and the District Forest Officer, Ganjam; and Conservator of Forests, First Circle, Waltair, for information.

Enclosures

(1)

Russellkonda Saw Mills (in liquidation)—Report on the accounts of the mills for nine months ending 31st March 1929.

The Saw Mills have been closed from 1st July 1928 in accordance with the orders of Government in G.O. Ms. No. 504, Development, dated 20th March 1928. Owing to the delay and difficulty in getting a book-keeper, the accounts in commercial form have been discontinued from the date the District Forest Officer took charge of the concern from Messrs. Parry & Co., Limited, namely, 10th July 1928. Since that date the accounts relating to the transactions of the Saw Mills have been incorporated in the General Forest Accounts of the District Forest Officer, Ganjam district, under a distinct heading. The accounts submitted herewith are therefore based primarily on the cash extracts submitted to the District Forest Officer by Rangers and the cash book maintained in the District Forest Officer's office and the figures incorporated have been reconciled with those appearing in the departmental accounts submitted to the Accountant-General.

2. The following accounts for period 11th July to 31st March 1929 are submitted :—

(i) Statement of affairs as at 31st March 1929.

(ii) Realization account for period 11th July 1928 to 31st March 1929.

(iii) Receipts and payments account for period 11th July 1928 to 31st March 1929.

24th February 1930]

(iv) Schedule "A" showing details of sundry debtors.

(v) Schedule "B" showing reconciliation of figures appearing in Accountant-General's books with those appearing in the expenditure side of the receipts and payments account (item iii) above.

3. The realization account may be considered first. The object of this account is to show the progress in the disposal of the assets and the gain or loss in doing so. It will be noticed that all the stocks of timber have been disposed of, and there now remains for disposal:—

	Depreciated value.
	RS.
(i) Buildings	1,15,763
(ii) Machinery	1,49,803
(iii) Furniture	4,131
(iv) Loose tools	1,123
(v) Machinery spare parts	1,161
(vi) Tools and general stores	5,870
(vii) Stationery	426

and the following amounts have also to be recovered:—

	RS.
(a) Messrs. Parry & Co., Limited	1,475
(b) Depreciation deposit account	15,000

The Accountant-General has been asked to credit the sum of Rs. 15,000 to Government under "Recoveries from Government Commercial Undertakings." The sum of Rs. 1,475 should have been recovered from Messrs. Parry & Co., Limited, when their claim for leave allowances of their staff amounting to Rs. 3,341-10-8 was paid to them. There has been some negligence in not recovering this amount at the time their claim was settled. In addition to the above assets there is also a sum of Rs. 1,31,034 lying at the credit of Government in the Personal Ledger Account. It was pointed out in paragraph 7 of my audit report for the quarter ending 30th June 1928, that the balance at credit of the Personal Ledger Account except Rs. 5,090 should be withdrawn and paid to the credit of Government as "Recoveries of investments in Government Commercial Undertakings" as the amount is not required for expenditure and there is no purpose in keeping it out of the Government account. In G.O. No. 76, Development, dated 11th January 1929, Chief Conservator's letter No. 6986/28, dated 27th October 1928, there is an agreement to withdraw all but Rs. 5,000 of the balance. I am therefore asking the Accountant-General, Madras, to make the necessary adjustment in the accounts for 1928-29.

4. In the realization account the gain or loss on the sale of the various assets has been brought out. It will be seen that the assets disposed of comprise chiefly the stocks of timber in hand and that the amount realized shows a surplus or credit of Rs. 30,043-1-3. To this has to be added

[24th February 1930

miscellaneous receipts amounting to Rs. 323-13-9, making a total credit to Government of Rs. 30,366-15-0. The loss on the sale of assets—chiefly fixed assets—amounts to Rs. 10,797-15-4 to which have to be added—

	RS.	A.	P.
(i) The amount of unexpired insurance premium carried forward on 30th June 1928 ...	2,609	4	3
(ii) Value of consumable stores and stationery used up at the mill during the liquidation	230	13	6
and the total charge or debit is ...	13,638	1	1

and the difference or surplus in the realization account is Rs. 16,728-13-11, which has been carried to the Statement of affairs. The position regarding the disposal of the remaining assets comprising buildings and plant and machinery is as follows :—

(i) The Chief Conservator of Forests has, in his No. 583/28/C-3, dated 26th March 1929, ordered the transfer of the following to the Central Stores at Olavakkot at the prices given below :—

	Depreciated value.			Value at which to be transferred.		
	RS.	A.	P.	RS.	A.	P.
Two hand travelling cranes and one Emerson pump... ...	8,009	11	7	1,430	0	0
Loose tools	1,122	10	7	657	0	0
Tools and general stores, part of Rs. 5,870-1-8	2,396	12	6	1,198	12	0

(ii) Government in G.O. Ms. No. 1158, dated 9th July 1929, have directed that the buildings and furniture should be transferred to Public Works Department and the machinery be sold to some engineering firm or machinery broker on a commission basis and the Chief Conservator has been asked to take steps for the disposal of the same.

5. The next account for consideration is the Receipts and Payments account. Under receipts and payments an adjustment of an advance of Rs. 575 to Messrs. Parry & Co, Limited, staff for travelling expenses has been adjusted. The items here call for no special remarks. Of the actual expenditure of Rs. 10,826-5-7, Rs. 7,484-10-11 was in payment of outstanding liabilities, expenses for delivery of sleepers and care and maintenance. The balance of Rs. 3,341-10-8 represents the payment to Messrs. Parry & Co. in connexion with their claim for leave allowances due under contracts, and sanctioned in G.O. Ms. No. 1223, Development, dated 28th July 1928. Under receipts there is a sum of Rs. 3,539-4-8 shown as a credit due to Forest department. It represents the proportion due for the sale of support logs and 18 cubic feet of surplus props with other timber, the property of the Russellkonda Saw Mills. The support timber were supplied free of cost to the mill by the Forest department for use in their timber yard, but they remained the property of the Forest department and the credit for the amount realized should therefore go to them. See also paragraph 9 (ix) below.

24th February 1930]

6. The Statement of affairs calls for no remarks. On the assets side the figures for fixed and floating assets, other than sundry debtors and personal ledger account, are taken from the last column of the realization account. To the figure in the realization account for sundry debtors, adjustments made during the accounting period of Rs. 3,014–12–9 (vide Schedule "A") have been added. The balance of the personal ledger account has been arrived at as under :—

	RS.	A.	P.	RS.	A.	P.
Balance at end of 30th June 1928				1,30,542	1	6
Add receipts realized from July 1928 to March 1929	94,584	9	6			
Cash balance remitted	139	8	9			
				94,724	2	3
				2,25,266	3	9
Deduct expenses from July 1928 to March 1929	11,401	5	7		...	
Amount due to Accountant-General as shown on the liabilities side of the balance sheet for 30th June 1928 and adjusted by the Accountant-General.	29,511	13	3			
The profit and loss adjusted by Accountant-General	53,319	0	10			
				94,232	3	8
				1,31,034	0	1

The balance as per Accountant-General's books on 31st March 1929 was Rs. 1,83,670–10–4 against which the following adjustments advised in this office letter No. 379 C.A.M./29, dated 14th June 1929, have to be made in the accounts for March final :—

	RS.	A.	P.
(i) On account of Mr. Dawson's pay	996	0	0
(ii) Other items net	51,640	10	3
	52,636	10	3
and the net balance will be ...	1,31,034	0	1

which is in agreement with figure shown in these accounts.

7. On the liabilities side the capital stands at the amount at which it was carried in the quarterly report of 30th June 1928. I have made no provision for the adjustment of Rs. 67–10–0 on account of a tell-tale clock purchased from circulating capital and sanctioned in G.O. No. 1221, Development, dated 27th July 1928. As no adjustment has yet been made in respect of this item no practical purpose will be served by making adjustment now, as it will only go to swell the cash balance which is already due for credit to Government owing to the closing down of the concern. Included in the liabilities is the item of Rs. 3,539–4–8 representing value of the props

[24th February 1930

supplied by the Forest department for the use of Saw Mills timber yard—vide paragraph 5 ante. The net result of the transactions appearing in the realization account and the receipts and payments account, is a credit to Government of Rs. 6,926-10-3 arising chiefly from the sale of stocks of timber when the mill was closed and on which profit was to be expected. In future, instead of credits, debits are likely to appear, and for that reason the balance has been carried forward to bring out in one figure the total loss to Government, on the liquidation of the concern including expenses in winding up the same.

8. It may be of interest to know the details of the gains or losses made in the disposal of the assets and these are given below :—

	Gain.			Loss.		
	RS.	A.	P.	RS.	A.	P.
Assets disposed of—						
Fixed assets—						
Furniture	0	1	11	192	6	0
Buildings		...		7,386	15	2
Tram line	1,296	2	0		...	
Lorry	3,411	0	8		...	
Motor car	403	3	0		...	
Cycle	39	0	0		...	
Total fixed assets ...	5,149	7	7	7,579	5	2
Floating assets—						
Loose tools		...		85	7	4
Machinery spare parts ...		...		1,408	6	0
Tools and general stores ...	6	5	10	1,409	0	11
Stationery	0	6	9	315	11	11
Stock in trade	24,886	13	1		...	
Total floating assets ...	24,893	9	8	3,218	10	2
Grand total ...	30,043	1	3	10,797	15	4
Net gain		...		19,245	1	11

9. A more detailed review of the gains and losses arising under each of the items noted above is given below :—

(i) *Buildings.*—One timber shed at Berhampur and a motor shed at the Mills were sold in auction with the approval of the Conservator of

24th February 1930]

Forests, Waltair Circle, at a loss of Rs. 7,386-15-2 over the depreciated book value as per details below :—

Name of building.	Depreciated book value on 30th June 1928.			Sale amount.			Loss.		
	RS.	A.	P.	RS.	A.	P.	RS.	A.	P.
Timber shed	8,112	3	10	1,750	0	0	6,362	3	10
Motor shed	1,294	11	4	270	0	0	1,024	11	4
Total ...	9,406	15	2	2,020	0	0	7,386	15	2

(ii) *Furniture.*—Furniture borne on the mill books at a depreciated value of Rs. 647-1-1 was transferred to other Forest Officers for Rs. 454-13-0. The loss was due to the transfer of an iron safe to the District Forest Officer's office, Ganjam, with the approval of the Conservator at a valuation of Rs. 150 against the depreciated book value of Rs. 342-6-0.

(iii) *Tram line.*—All the tramway materials have been disposed of except those detailed below, the transfer of which to the District Forest Officer, Nellore, is under correspondence :—

Eight pairs of wheels.	Six trucks with wooden frames.
One turn-table.	Two iron pieces.
One hundred iron sleepers.	Twelve bearings.
Forty fishplates.	Four brackets for wheels.

The wooden sleepers were sold in auction for Rs. 400 ; the value on the books, and rails measuring 4,428 r. feet with bolts and fishplates were transferred to the Public Works Department (Executive Engineer, Ganjam division) for Rs. 1,296-2-0. So far there has been a profit of Rs. 1,296-2-0 under this item.

(iv) *Lorry, motor car and cycle.*—These have been disposed of at a profit of Rs. 3,853-3-8 as shown below :—

Names of articles.	To whom sold.	Depreciated book value on 30th June 1928.			Amount realized.	Profit.		
		RS.	A.	P.	RS.	RS.	A.	P.
Lorry	Aska Sugar Works ..	888	15	4	4,300	3,411	0	8
Motor car	Messrs. Parry & Co., Limited.	96	13	0	500	403	3	0
Cycle	District Forest Office, Ganjam, for office use.	1	0	0	40	39	0	0
		985	12	4	4,840	3,853	3	8

(v) *Loose tools.*—The amount of Rs. 113 realized is the estimated value of two sets of stocks and dies and one ratchet brace transferred to Central Stores, Olavakkot, with the approval of the Chief Conservator of Forests against the book value of Rs. 198-7-4.

[24th February 1930

(vi) *Spares stock.*—Similarly four band saws 27′ long and twelve band saws 34′ 3″ long—book value Rs. 2,815-6-0—were under the orders of the Chief Conservator of Forests transferred to Olavakkot Central Stores at an estimated value of Rs. 1,407.

(vii) *Tools and general stores.*—Of the balance on 30th June 1928, articles valued at Rs. 1,628-13-10 were sold in auction for Rs. 226-2-9 with the approval of the Conservator resulting in a loss of Rs. 1,402-11-1 and articles valued at Rs. 145-10-0 were used up in the mills.

(viii) *Stationery.*—Stationery articles bearing a book value of Rs. 447-10-2 were disposed of as follows:—

	RS.	A.	P.
(1) Destroyed	145	12	11
(2) Sold in auction	194	14	0
(3) Issued for use in District Forest Officer's office	21	11	9
(4) Used up in mills	85	3	6
Total ...	447	10	2

All stationery bearing printed headings of Saw Mills or of Messrs. Parry & Co. were destroyed with the approval of the Conservator of Forests.

The articles sold in auction fetched only Rs. 25-5-9 resulting in a loss of Rs. 169-8-3.

(ix) *Stock in trade* (*a*) *Uncut logs.*—There was an excess of 18 cubic feet over the book balance of 7,441 cubic feet as at 30th June 1928. These together with 3,465 cubic feet of support logs supplied to the mills by the Forest department free of charge (vide paragraph 5 above) were sold in auction for Rs. 11,100-9-3. The proportionate sale-proceeds of 7,441 cubic feet, namely, Rs. 7,561-4-7, are shown in the accounts as a credit against mill stocks and the balance under miscellaneous receipts. The amount realized works out to a rate of Re. 1-0-3 per cubic foot which is more than three times the average rate of As. 5-1 per cubic foot at which logs were issued to the mills during the period 1st April to 30th June 1928.

Sawn scantlings.—The balance at end of 30th June 1928 consisted of sleepers and scantlings at the mills at Russellkonda and at Berhampur depot. The sleepers at Russellkonda were conveyed to Berhampur and the stocks were disposed of as shown below:—

Species.	Quantity.	Amount realized.			Rate per cubic foot.		
	C.FT.	RS.	A.	P.	RS.	A.	P.
Sal scantlings at mills ...	15,600·49	29,251	0	0	1	14	0
Piasal scantlings at mills ...	844·25	963	0	0	1	2	3
Scantlings at Berhampur ...	1,186·83	2,972	12	6	2	8	1
Sleepers at Berhampur ...	6,352·22	14,245	1	0	2	3	11
	23,983·79	47,431	13	6			

24th February 1930]

There was an excess of 1·4 cubic feet. The scantlings at the mills at Russellkonda were sold with the approval of the Conservator in one lot at a flat rate of Rs. 1–14–0—delivery ex-mills. This rate seems low compared with the following prices realized :—

	Rate per cubic foot.		
	RS.	A.	P.
At Russellkonda—			
Sale of logs—mill quality and rejects which were used as props	1	0	3
At Berhampur—			
Scantlings	2	8	1

These rates were realized at public auctions, and as the cost of transport from Russellkonda to Berhampur—according to 1927–28 figures—was As. 6–8 per cubic foot. *Prima facie* it would seem that a better price would have been obtained had the Russellkonda stocks been taken down to Berhampur for sale.

The average selling rate realized for sawn timber was Rs. 1–15–8 per cubic foot against Rs. 2–6–8 during the period 1st April to 30th June 1928 and Rs. 2–9–6·47 for 1927–28, but no useful comparison can be made as the Rs. 1–15–8 rate per cubic foot is chiefly for clearance of stock by auction.

10. *Cash position.*—The cash position on 31st March 1929 is as follows :—

	RS.	A.	P.
Personal ledger balance	1,31,034	0	1
Sundry debtors	4,489	15	7
Liabilities	1,35,523	15	8
	3,539	4	8
Balance	1,31,984	11	0

A sum of Rs. 5,000 may be left in the personal ledger account for meeting liquidation expenses and the balance of Rs. 1,26,984–11–0 withdrawn and credited to "Recoveries of investments from Government Commercial Undertakings."

11. Subject to the foregoing remarks I certify that I have obtained all the information I have required and that the statement of affairs of the Russellkonda Saw-Mills (in liquidation) as at 31st March 1929 signed by me as relative hereto represents a true and correct state of affairs according to the best of my information and explanation given me.

(2)

RUSSELLKONDA SAW MILLS (IN LIQUIDATION).

Statement of affairs as at 31st March 1929.

CAPITAL AND LIABILITIES.

	RS. A. P.	RS. A. P.	RS. A. P.
Capital—Government of Madras, Forest Department—			
Balance as per last balance sheet.		..	4,18,335 3 10
Sundry creditors—			
Due to District Forest Officer, Ganjam, being the amount realized by the sale of rejected logs		..	3,539 4 8
Realization account and liquidation expenses and claim arising therefrom to be carried forward to the next account—			
Receipts—			
Net surplus on sale of assets ..		16,728 13 11	
Charges—			
Winding up expenses	6,460 9 0		
Leave salary of manager and assistant sanctioned in G.O. Mis. No. 1223, Development, dated 28th July 1928	3,341 10 8	9,802 3 8	
			6,926 10 3

PROPERTY AND ASSETS.

	RS. A. P.	RS. A. P.	RS. A. P.
Buildings—			
At cost on 30th June 1928		1,47,557 4 11	
Less depreciation to end of 30th June 1928	22,387 8 7		
Value of buildings sold —Depreciated value ..	9,406 15 2	31,794 7 9	
			1,15,762 13 2
Machinery—			
At cost		2,17,411 9 0	
Less depreciation to end of 30th June 1928		67,608 13 10	
			1,49,802 11 2
Furniture—			
At cost		6,696 6 6	
Less depreciation to end of 30th June 1928 ..	1,918 5 8		
Less furniture sold ..	647 1 1	2,565 6 9	
			4,130 15 9
Loose tools—			
At cost as per last balance sheet ..		1,321 1 11	
Less value of tools sold		198 7 4	
			1,122 10 7
Machinery spare parts—			
As per last balance sheet		3,976 14 5	
Less value of parts sold		2,815 6 0	
			1,161 8 5
Tools and general stores—			
As per last balance sheet		7,644 9 6	
Less value of parts disposed of		1,774 7 10	
			5,870 1 8
Stationery—			
As per last balance sheet		874 0 6	
Less value of articles disposed of ..		447 10 2	
			426 6 4

Statement of affairs as at 31st March 1929—*cont.*

CAPITAL AND LIABILITIES—*cont.*	RS.	A.	P.	RS.	A.	P.
Grand total ..				4,28,801	2	9

PROPERTY AND ASSETS—*cont.*	RS.	A.	P.	RS.	A.	P.
Sundry debtors—						
Due by Messrs. Parry & Co., Ltd. (old item)	1,475	2	10			
Due for assets sold as per schedule A (new items)	3,014	12	9			
				4,489	15	7
Depreciation deposit fund	..			15,000	0	0
Personal Ledger accounts—Saw Mill ..	..			1,31,034	0	1
Grand total ..				4,28,801	2	9

Examined and found correct subject to my report of even date.

C. F. GEORGE,
Assistant Director of Commercial Audit.

Madras, 8th July 1929.

TRUTH ALONE TRIUMPHS

[24th February 1930

(3)

RUSSELLKONDA SAW

Realization account for period

Description of assets.	Value as per balance sheet on 30th June 1928.			Book transfers.			Cash realizations.		
	RS.	A.	P.	RS.	A.	P.	RS.	A.	P.
Buildings depreciated value	1,25,169	12	4	..			1,985	0	0
Machinery do.	1,49,802	11	2	..			..		
Furniture do.	4,778	0	10	352	14	0	..		
Tram line do.	400	0	0	..			400	0	0
Lorry do.	888	15	4	..			4,300	0	0
Motor car do.	96	13	0	..			500	0	0
Cycle do.	1	0	0	..			..		
Loose tools do.	1,321	1	11	..			..		
Machinery spare parts value	3,976	14	5	..			..		
Tools and general stores value	7,644	9	6	..			226	2	9
Stationery value	874	0	6	..			25	5	9
Stock in trade value	..			..			..		
Uncut logs	2,215	15	0	..			7,561	4	7
Cut timber value	27,890	6	0	..			47,431	13	6
Book debts for timber sold	27,363	14	6	..			27,363	14	6
Due by Messrs. Parry & Co.	1,475	2	10	..			..		
Advance travelling allowance to Messrs. Parry & Co.'s staff	575	0	0	..			..		
Depreciation deposit fund	15,000	0	0	..			..		
Unexpired insurance premium	2,609	4	3	..			..		
Total ..	3,72,083	9	7	352	14	0	89,793	9	1
Add receipts on account of sales of items not appearing in the balance sheet as at 30th June 1928	..			..			323	13	9
Total ..	3,72,083	9	7	352	14	0	90,117	6	10
Profit on realization—									
Profits on assets disposed of	30,043	1	3						
Miscellaneous receipts	323	13	9						
				30,366	15	0	..		
Loss on realization—									
Loss on disposal of assets	13,407	3	7						
Value of articles used up in the Mills ..	230	13	6						
				13,638	1	1	..		
Surplus carried to statement of affairs ..	..			16,728	13	11	..		

24th February 1930]

MILLS (IN LIQUIDATION).

11th July to 31st March 1929.

Sundry debtors—Value of articles disposed of but not realized.	Articles used up in the Mills.	Loss on realization.	Profit on realization.	Advance of travelling allowance adjusted.	Balance on 31st March 1929.
RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.
35 0 0	..	7,386 15 2	..	..	1,15,762 13 2
..	..	..	..	..	1,49,802 11 2
101 15 0	..	192 6 0	0 1 11	..	4,130 15 9
1,296 2 0	..	..	1,296 2 0	..	..
..	..	..	3,411 0 8	..	..
..	..	..	403 3 0	..	..
40 0 0	..	..	39 0 0	..	..
113 0 0	..	85 7 4	..	..	1,122 10 7
1,407 0 0	..	1,408 6 0	..	..	1,161 8 5
..	145 10 0	1,409 0 11	6 5 10	..	5,870 1 8
21 11 9	85 3 6	315 11 11	0 6 9	..	425 6 4
..	..	..	..	..	..
..	..	..	5,345 5 7	..	..
..	..	..	19,541 7 6	..	..
..	..	..	..	..	..
..	..	..	..	..	1,475 2 10
..	..	..	..	575 0 0	..
..	..	..	..	..	15,000 0 0
..	..	2,609 4 3	..	..	..
3,014 12 9	230 13 6	13,407 3 7	30,043 1 3	575 0 0	2,94,752 5 11
..	..	..	323 13 9	..	..
3,014 12 9	230 13 6	13,407 3 7	30,366 15 0	575 0 0	2,94,752 5 11
..	..	..	..	..	..
..	..	..	..	..	..
..	..	..	..	..	..

TAMIL NADU LEGISLATIVE ASSEMBLY
TRUTH ALONE TRIUMPHS

(4)

RUSSELLKONDA SAW MILLS (IN LIQUIDATION).

Receipts and payments account for period 11th July 1928 to 31st March 1929.

RECEIPTS.

	RS. A. P.	RS. A. P.
To opening cash balance, on 30th June 1928	..	139 8 9
To withdrawal from personal ledger account	..	10,826 5 7
To sales and disposals of assets—		
Buildings	1,985 0 0	
Furniture	352 14 0	
Tram line	400 0 0	
Lorry	4,300 0 0	
Motor car	500 0 0	
Tools and general stores	226 2 9	
Stationery	25 5 9	
Logs	7,561 4 7	
Cut scantlings	47,431 13 6	
Book debts	27,363 14 6	
Advance of travelling allowance ..	575 0 0	
		90,721 7 1
To sales of items not appearing in the balance sheet as at 30th June 1928, and other receipts—		
Rent of buildings	90 11 0	
Sale-proceeds of gas light	32 0 0	
Miscellaneous	201 2 9	
		323 13 9
To sales of support logs supplied free of charges by the Forest department but taken credit to Saw Mill receipts in the forest accounts	..	3,539 4 8
Grand total ..		1,05,550 7 10

PAYMENTS.

	RS. A. P.	RS. A. P.
By payment to the credit of personal ledger account	..	94,149 2 3
By creditors—		
Commission to Messrs. Parry & Co., Ltd.	1,379 7 10	
,, Depot writer, Berhampur	6 6 1	
,, Sitharamamurti ..	17 13 0	
,, Mr. A. V. Ramamurti.	93 11 0	
,, Zamindar of Nandigam.	101 12 0	
		1,599 1 11
By payments in connexion with winding up—		
Transport of sleepers	1,393 8 0	
Commission on sales	711 10 0	
Establishment	1,455 12 0	
Half the pay and full travelling allowance of the Forest Engineer and his establishment	996 0 0	
Travelling allowance of the establishment of Messrs. Parry & Co. for return journey	677 1 0	
Wages	463 14 0	
Rates and taxes	385 8 0	
Repairs to machinery	81 2 0	
Rent on land	18 0 0	
Miscellaneous	278 2 0	
		6,460 9 0
By payment of leave salaries of the manager and his assistant of the Mills chargeable to the trading accounts of previous years	..	3,341 10 8
Grand total ..		1,05,550 7 10

24th February 1930]

RUSSELLKONDA SAW MILLS (IN LIQUIDATION).

SCHEDULE A showing details of sundry debtors.

Names of debtors.	Amount. RS. A. P.	Remarks.
Old items—		
Messrs. Parry & Co., Ltd. ...	1,475 2 10	The recovery was evidently lost sight of by the District Forest Officer, Ganjam.
New items—		
P. Venkatanarasiah ...	35 0 0	Since recovered in 1929-30.
Special Forest Officer, Parlakimedi Maliahs.	92 3 1	Cost of furniture transferred.
District Forest Officer, North Cuddapah.	9 11 11	Cost of call bell transferred.
District Forest Officer, Ganjam.	61 11 9	Cost of cycle and stationery transferred.
Forest Exploitation Officer, Olavakkot.	1,520 0 0	Cost of band saws, stocks and dies and ratchet brace transferred.
Executive Engineer, Public Works Department, Ganjam division.	1,296 2 0	Value of tram rails sold to him.
Total ...	4,489 15 7	

SCHEDULE B showing reconciliation of figures appearing in Accountant-General's books with those appearing in the expenditure side of the receipts and payments account.

	RS. A. P.
As per Accountant-General's figure ...	4,305 14 10
Deduct amount that should have been shown by the Accountant-General under remittances but shown as charges	658 8 3
	3,647 6 7
Deduct excess pay drawn in March 1929 and recovered later	3 10 0
	3,613 12 7

[24th February 1930

	RS.	A.	P.	RS.	A.	P.
Brought forward ...				3,643	12	7
Add commission paid ...	1,379	7	10			
„ leave salary ...	3,341	10	8			
„ sleeper transport ...	1,256	0	0			
				5,977	2	6
Expenditure for July 1928				88	6	6
				9,709	5	7
Half pay and travelling allowance of Olavakkot Officer				996	0	0
Advance of travelling allowance ...				575	0	0
Pay of forest guards, etc.				121	0	0
				11,401	5	7
As per receipts and payments account...				11,401	5	7

II

Letter from C. F. GEORGE, Esq., F.S.A.A., Assistant Director of Commercial Audit, to the Secretary to Government, Development Department, dated Madras, the 30th July 1929, No. 584 C.A.M./29.

In continuation of my letter No. 558 C.A.M./29, dated 29th July 1929, forwarding the audit report and accounts of the Russellkonda Saw Mills for the nine months ending 31st March 1929, I have the honour to state that the Accountant-General, Madras, informs me that he has made the adjustments referred to in paragraph 3 (*b*) of the audit report referred to above.

III

Letter from R. D. RICHMOND, Esq., I.F.S., Chief Conservator of Forests, to the Secretary to Government, Development Department, dated Madras, the 25th October 1929, Ref. No. 5730/29-C-3.

The following remarks are offered on the audit report of the Russellkonda Saw Mills for the nine months ending 31st March 1929.

2. *Paragraph 3 of the audit report.*—It will be seen that all the timber stocks have been disposed of and the buildings been transferred to the Public Works Department. Fixed and floating assets of the book value of Rs. 32,631 have also been disposed of. There remain assets of the book value of Rs. 1,62,514 still to be disposed of. When these are cleared the realizations will be brought to account by the District Forest Officer and watched and

24th February 1930]

audited by the Accountant-General. There appears to be absolutely no need for periodic audit by the Assistant Director of Commercial Audit until the liquidation is completed as stated by him in his letter No. 742/C.A. 9/1928, dated 2nd June 1928, printed in G.O. No. 76, Development, dated 2nd June 1928. The commercial audit is unnecessary; it involves needless expenditure and may be discontinued.

3. *Paragraph* 3 (*b*) *of the audit report—Recovery of excess commission* (*Rs.* 1,475) *paid to Messrs. Parry & Co.*—Messrs. Parry & Co. claimed payment of commission to the Mill Manager, on the profits of 1926–27 without deducting interest charges. Government directed that commission should be calculated on the net profits as reported in the audited accounts for the year—vide Government Memorandum No 403–I/27–16, dated 9th December 1927. The order was duly notified to Messrs. Parry & Co. But they paid the commission calculated on the profits of 1926–27 and 1927–28 without deducting interest. The excess amount thus paid by them amounted to Rs. 1,475. In the audit report for 1927–28 the Assistant Director of Commercial Audit pointed out that in accordance with the orders of Government the Mill Manager should be allowed commission only on the net profits after deducting interest and suggested that the excess amount of commission should be recovered from them. The Auditor's view was supported by this office. The Government held that the contention of the Assistant Director of Commercial Audit was correct—vide G.O. No. 1623, Development, dated 26th September 1928. The orders of Government were duly communicated to the District Forest Officer and Conservator. But the amount has not been recovered as yet. The Conservator has been ordered to take immediate steps to recover the amount and to state why this was not done before.

4. *Withdrawal of the amount at the credit of the personal ledger account.*—Reference is invited to the letter from the Assistant Director of Commercial Audit No. 584 C.A.M./29, dated 30th July 1929, in which he has stated that the Accountant-General has withdrawn the amount from the personal ledger account.

5. *Paragraph* 6 *of the audit report—Statement of affairs.*—The Conservator brings to notice that the revenue realized from July 1928 to March 1929 was Rs. 94,354–2–0 as detailed in the statement enclosed, and not Rs. 94,584-9-6 as stated by the Auditor.

6. *Paragraph* 9 (*ix*) *of the audit report—Sale of scantlings at Russellkonda.*—The stocks at Russellkonda contained a lot of short lengths and there was considerable degrade. It was estimated that

they would not fetch more than Rs. 1-12-0 to Rs. 2 per cubic foot and that any price over Rs. 1-12-0 should be accepted, provided the whole stock was taken in one lot. Auction would have been defeated by combination in Russellkonda, while transport to Berhampur would have taken a long time ; it is doubtful if it could have been done at the rate suggested and the employment of a depot staff for a considerable time would have been required. The acceptance of an all-round rate of Rs. 1-14-0 per cubic foot for the whole quantity, with full payment in advance, was certainly in the best interests of Government.

ENCLOSURE.

		RS.	A.	P.
Revenue realized in July 1928		18	2	0
Do.	August 1928	64,738	3	6
Do	September 1928	14,213	9	6
Do.	October 1928	523	13	0
Do.	November 1928	14,749	12	0
Do.	December 1928	38	0	0
Do.	January 1929	38	0	0
Do.	February 1929	30	8	3
Do.	March 1929	956	14	0
	Total ...	94,806	14	3
Deduct—Refunds		749	0	0
		94,057	14	3
Deduct—Amount already adjusted by the Saw Mill Agent prior to July 1928 and again adjusted in August 1928 as per Berhampur depot-keeper's cash sheet for July 1928 ...		537	9	3
Add—Cost of motor-car not included in the above		500	0	0
Add—Cost of furniture supplied to the Special Forest Officer, Parlakimedi Maliahs, and cost of a call bell supplied to the District Forest Officer, North Cuddapah—Accountant-General's No. F.I. 84, dated 12th June 1929.		101	15	0
Add—As per Accountant-General's No. F. 246/Comml., dated 27th August 1928		164	4	0
Add—Cost of tell-tale clock—vide Accountant-General's No. F.I./Comml. 119, dated 1st July 1929		67	10	0
	Total ...	94,354	2	0

24th February 1930]

Order No. 7, Development, dated 3rd January 1930.

Recorded.

2. The Government agree with the Chief Conservator that there is no need to continue the audit of the accounts of the concern by the Assistant Director of Commercial Audit.

3. *Paragraph 3 of the audit report.*—The Chief Conservator is requested to report whether the amount due from Messrs. Parry & Co. has since been recovered.

4. *Paragraph 6 of the audit report.*—The attention of the Assistant Director of Commercial Audit is invited to paragraph 5 of the Chief Conservator's remarks.

(By order of the Governor in Council)

S. V. RAMAMURTI,
Secretary to Government.

To the Chief Conservator of Forests.
" Accountant-General (through the Finance Department).
" Finance Department.
" Assistant Director of Commercial Audit.
" Secretary, Legislative Council Office (for placing on the Council Table).
" Secretary to the Government of India, Department of Education, Health and Lands (with C.L.)
" Auditor-General (with C.L.).

APPENDIX XVIII.

[Vide item VI, Papers laid on the table of the House at page 140 supra.]

G.O. No. 111, Revenue, dated 23rd January 1930.

READ—the following papers :—

I

G.O. No. 2221, Revenue, dated 25th September 1928.

[ABSTRACT.—Survey and settlement—East Godavari—Polavaram and Yellavaram divisions—Rented villages—Proposals—Placed on the Council table.]

II

G.O. No. 2874, Revenue, dated 8th December 1928.

[ABSTRACT.—Survey and settlement—East Godavari—Polavaram division—Cammiade's experimentally settled villages and rented villages—Orders passed.]